

Sandal plc

Interim Results for the six months ended 30 November 2018

26 February 2019

The Board of Sandal plc, the designer, developer and manufacturer of electronic products, is pleased to announce its interim results for the six months to 30 November 2018.

Highlights for the Period

- Turnover of PowerConnections up 7% on like for like period sales
- Launch of MiHome installer service with Icon Heating Solutions
- Increase in number of Energenie MiHome connected systems to in excess of 15,000 (2017: 8,443)
- 9% reduction in administrative costs

Post Period Highlights

- Initial roll-out of Energenie MiHome range to Denman's Electrical Wholesalers
- Launch of new the Wi-Fi plug

Commenting on the above Alan Tadd the CEO said "The PowerConnections division had excellent like for like turnover growth in the six months and continues to generate positive cash flows. Energenie MiHome sales suffered from a stock overhang with a major customer and a lower level of investment than planned, however we remain confident of the immense potential of this division in the now fast-growing Smart Home sector."

STATEMENT OF THE BOARD

The six months to 30 November 2018 saw an overall fall in turnover. Whilst PowerConnections sales were comfortably ahead of 2017 following one-off events in the comparative period, Energenie MiHome sales were both lower than the prior period and below management expectations. As previously reported, the Company experienced a stock overhang with a major customer which negatively impacted on sales, though this has now been unwound and sales have returned to previous levels. In addition, investment in sales and marketing was not at the budgeted level which impacted on the expected revenue growth. Company overheads were 9% lower as a result of controlled cost efficiencies.

During the period, the Company launched an installer service for its Smart Home range. The service is being managed by Icon Heating Solutions with a network of suitably qualified installers.

Following the period end the Company has reached its first agreement with a leading electrical wholesaler to sell the full Energenie MiHome product range. The agreement with Denmans Electrical Wholesale (part of the Rexel Group) is initially across 16 branches, with an expectation that this will be extended to the full Denmans network of over 60 branches by the end of May. The products are also now listed on Denmans' website.

In February 2019, the Energenie MiHome Wi-Fi adapter plug was launched, which enables users to turn on and off any appliance that plugs into a standard wall socket using a smart phone or voice assistant. This mass market product allows consumers to control their electrical appliances without the need for the MiHome Gateway hub and it is expected that it will provide opportunities to migrate users of the plug to the full Energenie MiHome product range. The product was launched with an exclusive retail distribution arrangement with Exertis UK and will shortly be available on Amazon.

As has been previously reported, significant investment has been made in the Energenie MiHome business to enable it to become a well-recognised and leading brand within the mass market segment of the Smart Home market. However capitalising on its early success and realising the business' full potential has been constrained due to the slower than expected progress in attracting the necessary growth capital into Sandal. The Board continues to review all equity and debt funding options for the Company to enable it to maximise shareholder value, some of these options could involve a reorganisation of the business into separate PowerConnections and Energenie MiHome legal entities as a means to attract the appropriate investment. Further updates will be provided as appropriate as these discussions progress.

The directors of Sandal Plc accept responsibility for the contents of this announcement.

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Consolidated Profit and Loss Account

Six Months Ended 30 November 2018

	Unaudited 6 months ended 30-Nov-18	Unaudited 6 months ended 30-Nov-17	Audited Year Ended 31-May-18
Turnover	1,730,905	1,884,220	3,620,565
Cost of Sales	<u>(1,047,790)</u>	<u>(1,048,982)</u>	<u>(2,149,221)</u>
Gross Profit	683,115	835,238	1,471,344
Administrative Expenses	(714,660)	(788,936)	(1,502,257)
Other Operating Income	1,000	18,949	18,951
Profit/(Loss) on Disposal of Operations	<u>-</u>	<u>-</u>	<u>(72,219)</u>
Operating Profit/(Loss)	(30,545)	65,251	(84,181)
Other Interest Receivables and Similar Income	8	33	41
Interest Payable and Similar Charges	<u>(55,141)</u>	<u>(21,673)</u>	<u>(58,593)</u>
Profit/(Loss) on Ordinary Activities Before Taxation	(85,678)	43,611	(142,733)
Tax on Profit/(Loss) on Ordinary Activities	<u>67,551</u>	<u>36,085</u>	<u>29,539</u>
Profit/(Loss) for the Period	(18,127)	79,696	(113,194)
Other Comprehensive Income			
Currency Translation	-	15,897	-
Revaluation of Tangible Fixed Assets	106,182	-	202,255
Prior Period Adjustments	40,693	-	-
Total Comprehensive Income for the Period	<u>128,748</u>	<u>95,593</u>	<u>89,061</u>

Consolidated Balance Sheet

As at 30 November 2018

	Unaudited 30-Nov-18	Unaudited 30-Nov-17	Audited 31-May-18
Fixed Assets			
Intangible Assets	768,716	265,020	579,357
Tangible Assets	423,842	166,999	357,870
Investments	101	101	101
	<u>1,192,659</u>	<u>432,120</u>	<u>937,328</u>
Current Assets			
Stocks	833,210	917,178	768,752
Debtors	796,886	1,131,522	760,160
Cash at Bank and in Hand	(340,522)	(168,726)	50,761
	<u>1,289,574</u>	<u>1,879,974</u>	<u>1,579,673</u>
Creditors: amounts falling due within one year	(919,214)	(1,101,220)	(1,045,429)
Net Current Assets/Liabilities	<u>370,360</u>	<u>778,754</u>	<u>534,244</u>
Total Assets less Current Liabilities	1,563,019	1,210,874	1,471,572
Creditors: Amounts Falling Due After More Than One Year	(542,382)	(93,649)	(579,683)
Provisions for Liabilities	(59,693)	(27,246)	(59,693)
	<u>960,944</u>	<u>1,089,979</u>	<u>832,196</u>
Capital and Reserves			
Called up Share Capital	312,737	329,978	312,737
Share Premium	161,609	162,860	161,609
Other Reserves	325,678	0	219,496
Profit and Loss Account	160,920	597,141	138,354
Total Equity	<u>960,944</u>	<u>1,089,979</u>	<u>832,196</u>

Notes to editors:

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Sandal plc commenced business in 1996 and joined NEX in March 2015. The Company designs, develops and manufactures consumer electronics products. Its business is divided into two distinct product groups, PowerConnections, a long established wholesaler and reseller of a successful and patented range of converter plugs and power cables, and Energenie, which sells a newer product range that includes energy saving products, portable charging devices and the Energenie MiHome range of products aimed at the "Home Automation" and "Internet of Things" marketplace.

The range of Energenie MiHome home automation products makes the remote operation of everyday household appliances and energy monitoring more accessible through integration with smartphone and tablet connectivity. The Energenie MiHome range is also integrated with the major players in the home automation market including Google Nest and Amazon Echo.

Energenie MiHome products are available through a number of mainstream retailers including Amazon, Robert Dyas, Target Components, Grahams Plumbers Merchants, Plumb Nation, Box.co.uk, Screwfix and Wickes and most recently wholesale channels via Denmans.

In addition, Energenie also offers Eco and electrical, travel and energy saving products for homes and offices, reducing energy usage. It has store listings for its current products with several large retailers including Amazon, Argos, and Screwfix.

PowerConnections is a supplier to customers in the UK and abroad, of single-phase electrical connection products. The products are manufactured in three partner factories in the Far East and have distributors worldwide for its range of patented converter plugs. The Company's product portfolio consists of International Power Leads, Rewireable Plugs, Converters and Connectors. These products are stocked in the Far East, Australia and UK.